WASHINGTON STATE
HOUSING FINANCE COMMISSION
MINUTES

June 25, 2020

The Commission meeting was called to order by Vice Chair Lowel Krueger at 1:00 p.m. in the Board Room of the Washington State Housing Finance Commission at 1000 Second Avenue, Seattle, Washington. Those Commissioners present were Bill Rumpf, Diane Klontz, Wendy Lawrence, Jason Richter, Randy Robinson, Albert Tripp, Ken Larsen and Alishia Topper.

Approval of the Minutes

The minutes of the May 18, 2020 special meeting were approved as mailed.

Karen Miller Farewell Wishes

Steve Walker, Executive Director, virtually presented Karen Miller with a crystal gavel representing her years of services to the Commission as the Chair. He also played a video from former Commissioners, former staff and friends sending her farewell wishes for her retirement from the Board.

New Board Chair – Bill Rumpf

Mr. Walker stated that Bill Rumpf has accepted the position of Chair to the WSHFC Board and this will be his first official meeting.

Public Hearing: Coronado Springs Tower, OID # 20-61A

The Vice Chair opened a public hearing on OID # 20-61A, Coronado Springs Tower, at 1:20 p.m.

Claire Petersky, Manager of Multifamily Housing and Community Facilities Division, said this hearing is for the proposed issuance of one of more series of tax-exempt revenue notes to finance and refinance the acquisition, rehabilitation and equipping of an existing 184-unit housing facility located at 10670 14th Avenue SW, Seattle, WA 98146 to be owned by Coronado Springs Tower LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed $24,000,000. Ms. Petersky introduced Alison Lorig, Senior Vice President of Development at BRIDGE Housing Corporation, the Manager of the borrower.

Ms. Lorig stated that each unit will be a complete and separate dwelling unit consisting of living, eating and sanitation facilities. Half of the units will be restricted to households earning 50% of King County AMI (Area Median Income) and the other half will be at 60% AMI. A third of the current residents have housing vouchers. The proposed rehabilitation includes kitchen stack repair, horizontal sewer line repair, roofing and cornice replacement, HVAC repairs, installation of a Distributed Antenna System, and a new boiler.

There were no other comments from members of the public and the hearing was closed at 1:24 p.m.

Public Hearing: South Wilbur Manor Apartments, OID # 19-135A

The Vice Chair opened a public hearing on OID # 19-135A, South Wilbur Manor Apartments, at 1:24 p.m.

Ms. Petersky said this hearing is for the proposed issuance of one or more series of revenue notes to finance the acquisition and rehabilitation of a 38-unit multifamily housing facility located at 135 Wilbur Avenue South, Walla Walla, WA 99362, to be owned by Wilbur Manor Apartments LLC, a Washington limited liability company. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed $7,000,000, a portion of which may be taxable. Ms. Petersky introduced Larry Blake, Managing Principal of Evergreen Development Solutions.

Mr. Blake stated that the development was originally built in 1979 and 70% of the units will be for households at 50% AMI. Twenty percent of the units will be set aside for large households. The amenities include a community garden, fitness center, business/learning center, media center, playground or fitness trail and electric vehicle charging stations.

There were no other comments from members of the public and the hearing was closed at 1:26 p.m.

Public Hearing: Annual public hearing for the issuance of single-family bonds

The Vice Chair opened a public hearing on the issuance of single-family bonds at 1:26 p.m.

Lisa DeBrock, Director of the Homeownership Division, noted that the hearing is an annual item. Ms. DeBrock stated that this public hearing concerns the proposed issuance by the Commission of single-family program bonds and homeownership program bonds in one or more series, in a total amount not to exceed $250 million. The bonds will finance the acquisition of eligible single-family residences throughout the state.

Mortgage loans will be originated by lending institutions under standard FHA, VA, USDA, Freddie Mac and Fannie Mae guidelines, and sold to a master servicer. The master servicer will pool the mortgage loans into Ginnie Mae, Fannie Mae or Freddie Mac mortgage-backed securities and sell them to the Commission’s bond trustee who will acquire the securities with the proceeds of the bonds.

A portion of the obligations may be short-term notes, which will be issued pending the establishment of mortgage rates through the issuance of long-term bonds. The issuance of bonds and any remarketing or refunding of bonds is done pursuant to a plan of finance of the Commission.

The mortgage loans must meet the requirements of the originating lenders as well as Section 143 of the Internal Revenue Code of 1986, as amended, if the interest on the bonds is to be exempt from federal income taxes.

Borrowers must be first-time homebuyers (unless the property is located in targeted areas as defined by the Code or the loan is made to a veteran as defined in 38 U.S.C. §101 and are subject to maximum income limits). Properties are subject to maximum purchase prices and must be owner-occupied. No other public hearing needs to be held for bonds issued within a one-year period. No comments were received from the general public. The results of the hearing will be sent to the Governor for approval prior to the issuance of bonds.

There were no other comments from members of the public and the hearing was closed at 1:28 p.m.

Public Hearing: Low Income Housing Tax Credits from the 2020 Round

The Vice Chair opened a public hearing on the recommended allocation of Low-Income Housing Tax Credits at 1:29 p.m.

Bob Peterson, Manager of the Multifamily Housing and Community Facilities Division said the that there will be five projects to consider today.

MLK Senior Housing

Mr. Peterson stated that there is a total development cost waiver for this project and introduced Obinna Amobi, Project Developer at Mercy Housing Northwest.

Mr. Amobi stated that MLK Senior Housing will provide affordable housing for seniors in a location that is well served by transit and is near a variety of public services and neighborhood amenities. The project will serve very low- and extremely low-income seniors, with half of the units reserved for households earning up to 30% AMI, and the other half for households earning up to 50% AMI. Additionally, there will be sixteen project-based vouchers that will be used for extremely low-income households.

Sinto Commons

Mr. Peterson introduced Mary May, Senior Housing Developer at Community Frameworks and stated that the Commission's Land Acquisition Program (LAP) was used in the financing of the land on this project.

Ms. May stated that Sinto Commons is a 46-unit development located in Spokane Washington. Fifty percent of the units at Sinto Commons will be reserved for permanent supportive housing for homeless households, most of whom will have children. The remaining units, apart from a manager's unit, will be reserved for households earning less than 60% of AMI. The location is within walking distance to schools, jobs, groceries, and transit, as well as in an area of the city expected to see continued public and private investment for economic development. In house services include case management, finance management classes, employment classes, computer labs, and an indoor/outdoor playground.

Hilltop Lofts

Mr. Peterson introduced Patrick Tippy, Director of Housing Development at Horizon Housing Alliance. Mr. Tippy stated that the Hilltop Lofts project will be a partnership with Tacoma Housing Authority in the Hilltop neighborhood.

This new 4-story 57-unit building will provide safe, high quality and energy efficient housing for single adults exiting homelessness. Twenty-five percent of the units will be at 40% of AMI and 50% at 30% of AMI. The project will also include features to increase resident opportunities for success. The residents will be connected to case management and behavioral health system partners to establish an appropriate care plan.

HASC Family Housing

Mr. Peterson introduced Melanie Corey, Executive Director of the Housing Authority of Skagit County. Ms. Corey stated that HASC Family Housing is a 50-unit project that will bring 38 units of critically needed affordable farmworker housing to Mount Vernon while also providing 12 units for people with disabilities. This project has eight Project-Based VA-VASH vouchers that will enhance affordability. Fifty percent of the units will be at 50% of AMI and another 50% at 30% AMI.

Pendleton Place

Mr. Peterson introduced Monica Bernhardt, Chief Financial Officer at Kitsap Mental Health Services. Ms. Bernhardt stated that Pendleton Place is 72 unit facility designed for homeless individuals and/or individuals with chronic mental illness and/or chemical dependency. The seven general units allow flexibility in the event that some applicants don't meet the definition of chronic multi-symptom illness, other disability, or homelessness, but need this level of supported housing to remain stable. Bremerton Housing Authority will manage the project in addition to providing capital funding and 56 project-based vouchers and 14 Continuum of Care McKinney vouchers. Additionally, there will be 2 medical respite care rooms. Fifty percent of the units will be at 50% of AMI and another 50% at 30% AMI.

There was a public comment from Eric Alozie, President of Northwest Enterprises Construction, Inc. and a resident of the Hilltop neighborhood for over 20 years. Mr. Alozie stated that he is glad that not only will there be an increase in affordable housing in the Hilltop neighborhood but that there is going to be an increase in development in the neighborhood and he looks forward to construction opportunities and working with developers as this opportunity increases.

There were no other comments from members of the public and the hearing was closed at 1:49 p.m.

Public Hearing: Proposed 9% Housing Tax Credit Program Policy Changes for the 2021 allocation round

The Vice Chair opened a public hearing on the proposed 9% Housing Tax Credit Program Policy Changes for the 2020 allocation round at 2:14 p.m.

Lisa Vatske, Director Multifamily Housing and Capital Facilities stated that in April, May and June, the Commission held several stakeholder meetings proposing and discussing potential policy changes for the 2021 9% allocation round. The Commissioners were provided with a brief overview of these changes at the May Budget planning session.

Although not a policy change, there is also a key procedural change to the application date. In the past, the Commission intentionally staged applications in January, which is after local and state Housing Trust Fund (HTF) awards were announced. Although this alignment worked for many years, it has delayed the start date for projects by several months and has proven problematic for effective alignment, especially in the non-metro pool. This change still provides a staging of applications but will allow decisions to be “just in time” with the other public funders, allowing for both a more expedited development start and effective alignment amongst the public funders. The new application date is proposed for November 4, 2020.

Total Development Costs (TDC)

Proposed Modification: Based upon third-party data from Engineering News Record (ENR), staff proposes a four percent (4%) increase in TDC Limits in the Seattle/King and Pierce/Snohomish/Clark TDC Limit Areas and a two percent (2%) increase for Metro and Balance of State TDC Limit Areas as set forth below:

Proposed 2021 TDC Limits - Seattle/King					
	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Current	$282,891	$327,414	$347,924	$390,196	$429,834
4% Increase*	$294,207	$340,511	$361,841	$405,804	$447,027
Proposed 2021 TDC Limits - Pierce, Snohomish, Clark					
	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Current	$272,248	$317,590	$336,330	$378,489	$416,940
4% Increase*	$283,138	$330,294	$349,783	$393,629	$433,618
Proposed 2021 TDC Limits - Metro (Thurston; Spokane & Whatcom)					
	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Current	$248,884	$280,791	$307,264	$354,536	$390,551
2% Increase**	$253,862	$286,407	$313,409	$361,627	$398,362
Proposed 2021 TDC Limits - Balance of State					
	Studio	One Bedroom	Two Bedroom	Three Bedroom	Four Bedroom
Current	$180,509	$203,240	$230,371	$299,233	$329,280
2% Increase**	$184,119	$207,305	$234,978	$305,218	$335,866

*Increase calculated by rounding an average of Engineering News Record's Seattle Building Cost Index (BCI) and Construction Cost Index (CCI) month versus month increase/loss for the prior year of available data.

**Increase calculated by rounding an average of Engineering News Record's National Building Cost Index (BCI) and Construction Cost Index (CCI) month versus month increase/loss for the prior year of available data.

Geographic Pools

Proposed Modification: Change the Metro Pool allocation methodology to allow for a base credit amount, plus need amount for each county ($1 million, plus a percentage based on the HUD Comprehensive Housing Affordability Strategy (CHAS) data, resulting in a range of $1.2M-1.7M per county). Allow for up to 10% above that amount for projects maximizing density and to scale a project appropriately. Any additional amount needed would be subtracted from the county's allocation in a subsequent year. Maintain the current scoring system and increase the minimum points needed from 134 to 166. Maintain a small competitive pool utilizing remaining credit and/or forward commitment. Any additional forward commitment needs will be subtracted from that county's subsequent year's allocation. Look to implement over a 3-5 period with a pilot first year period to check-in and reassess based on the sunset or extension of the 12.5% per capita increase, currently scheduled to end after 2021.

As a part of this allocation process, each county shall develop or modify current processes to select one prioritized project per year. The county's prioritization process shall be submitted to the Commission. As a part of this process, each county shall designate a contact person(s) that is familiar with the process and understands the local pipeline and prioritization structure. The plan shall be submitted to the Commission by September 4, 2020, or sooner, which is two months prior to the application due date of November 4, 2020.

Utility Allowance Option and Utility Incentive Contact

Proposed Modification: Change the category to focus on the upfront modeling of energy efficiency and energy audits versus the current modeling that is being done for the utility allowance, which occurs at the time of placed in service. The points will remain the same, but the focus and activity will be modified. In addition, applicants will be required to contact their local utility to inquire about energy efficiency incentives. A form has been developed that follows a requirement put in place in the bond/4% program last year.

Metro Pool Allocation Proposal

WSHFC has engaged stakeholders around the allocation of the 9% Tax Credit, and for the past several years, stakeholders in these discussions expressed tension among their own county and city priorities, discontent around allocation amounts across counties, as well as an interest in honoring local priorities.

Many counties have specifically documented the depletion of additional supportive resources for those experiencing homeless in their communities after focusing over 8 years on developing permanent supportive housing for the homeless. Although serving those experiencing homelessness in our communities remains a critical need and priority of all of our partners, each community also has other housing needs and local priorities that require attention and resources. Additionally, communities have stated that a smaller percentage of homeless units mixed into larger projects requires much less supportive service funding. The Commission has attempted to address these concerns by modifying the allocation process through changes in the points and policies. During this time, we have also been discussing different allocation methodologies to provide predictability and a consistent geographic distribution of the 9% tax credits. At a representative meeting of key stakeholders on May 7, 2020, stakeholders coalesced around a per county allocation proposal as a method to solve these issues.

This proposal is modeled on how the Seattle/King geographic allocation pool currently addresses its allocation process. By working collaboratively within the anticipated 9% allocation, local and state funders, along with the affordable housing developers, have created an effective and efficient process of pipelining projects at the local level for the Seattle/King County Pool.
This new process should serve as a catalyst for communities to leverage additional resources at the local level, encourage the Metro pool communities to build or use existing capacity to develop a coordinated pipeline for each county to fund a project every round. To ensure that WSHFC priorities are maintained, developers, funders and Commission staff agree that all projects continue to adhere to the Commission's policies and point system. The Commission will maintain the underlying point scoring system and increase the minimum threshold for a point score to preserve the structure and priorities; the minimum threshold score will be increased to 166 points.

Staff proposes that each county in the metro geographic pool will be allocated 2021 9% tax credits based on the following formula:

- Base Allocation of $1,000,000 per county;
- Additional Allocation based upon need as calculated by the most current CHAS housing needs data available (and rounded to nearest $100,000).

Staff anticipates that each county will receive an allocation of approximately $1.2 to $1.7 million.

County Level pipelining and prioritization.

As a part of this allocation process, each county shall develop or modify current processes to select one prioritized project per year. The county's prioritization process shall be submitted to the Commission. As a part of this process, each county shall designate a contact person(s) that is familiar with the process and has an understanding of the local pipeline and prioritization structure. The plan shall be submitted to the Commission by September 4, 2020, or sooner, which is two months prior to the application due date of November 4, 2020.

Staff expect that the key public funders, affordable housing development consortia and the development community will work together to establish a pipeline and prioritize pending projects to be brought forward for each county's portion of the allocation. Proposed projects will need to participate in the local designated process to be eligible for a 9% tax credit allocation.

Other important notes:

- In the event that a county does not submit a process or prioritize a project, the highest scoring project for that county will be allocated credit. If there is no project from a specific county, those resources would be applied to the competitive pool.
- In addition, a small portion of the total metro geographic pool allocation will be made available for a competitive project outside the process set forth above.
- In this next year, the Commission will utilize up to $500,000 from either the forward commitment available or additional credit not fully allocated in the per-county estimates.
- Any additional credit needed to fully fund the highest scoring project in the competitive pool will be deducted from the specific county's allocation in the following round.
- In addition, any additional credit needed to make a county's project whole above 10% of the per county allocation will be deducted from future availability.

This is a pilot and after 2021, WSHFC will review the amounts and analysis for future years.

Mr. Richter stated that he appreciates the predictability made in areas, and he also thought the new scoring would bring some healthy competition for projects especially with the county by county approach Ms. Vatske spoke about.

Ms. Topper thanked Ms. Vatske for all the good work on reaching out to stakeholders and that she fully supports these changes.

Mr. Tripp commended Ms. Vatske on outreach, the TDC updating and for the chart on county disparity which showed a need for change.

Mr. Rumpf state that he lived through these discussions and he can testify that Ms. Vatske and the County stakeholders were creative and that the back and forth that took place was impressive. The problem no one can really solve is that the demand is so much higher that the resources. He also mentioned getting to the minimum 166 points is going to be hard work - this will not be an easy task. There will be a lot of "power sharing [with all the counties] at a high stakes bar"

There was a public comment from Mark Smith from Snohomish County Housing Consortium. Mr. Smith stated Ms. Vatske has done an amazing job in leadership and an excellent job "herding Meerkats". He really appreciated the outreach made internally and externally.

There were no other comments from members of the public and the hearing was closed at 2:14 p.m.

The meeting took a short break at 2:14 p.m. and reconvened at 2:25 p.m.

Action Item: Proposed 9% Housing Tax Credit Program Policy Changes for the 2021 allocation round

Ms. Topper moved approval of the proposed changes to the 9% Tax Credit Policies for the 2021 allocations. Mr. Larsen seconded the motion. The changes were unanimously approved.

Action Item: Resolution No. 20-64, a Resolution for the 2020 Allocation of Credit for the Housing Tax Credit Program

Lisa Vatske, Director of the Multifamily Housing and Community Facilities Division (MHFC), said this was a resolution authorizing the Executive Director to make reservations and/or allocations of 2020 Housing Tax Credits to the following projects:

TC #	Project Name	City	County	Credit Amount
20-03	MLK Senior Housing	Tacoma	Pierce	$1,312,590
20-09	Sinto Commons	Spokane	Spokane	$1,031,934
20-15	Hilltop Lofts	Tacoma	Pierce	$1,226,572
20-20	HASC Family Housing	Mt. Vernon	Skagit	$1,228,877
20-22	Pendleton Place	Bremerton	Kitsap	$1,209,093

Mr. Larsen moved to approve the resolution. Ms. Lawrence seconded the motion. The resolution was unanimously approved with one abstention from Mr. Rumpf due to a conflict of interest with an application from his prior employer, Mercy Housing.

Action Item: Resolution No. 20-58, Pointe by Vintage, OID # 19-132A

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt and taxable revenue notes to finance a portion of the costs for the acquisition of land and the construction and equipping of a 161-unit multifamily housing facility located at 22837 Pacific Hwy S., Des Moines, WA 98198, to be owned by Pointe by Vintage, LP, a Washington limited partnership. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed $40,000,000. The public hearing was held April 23, 2020.

Ms. Klontz moved to approve the resolution. Mr. Larsen seconded the motion. The resolution was unanimously approved.

Action Item: Resolution No. 20-57, Quinn by Vintage, OID # 19-131A

This item was pulled from the agenda.

Action Item: Resolution No. 20-59, Station by Vintage, OID # 19-133A

Ms. Vatske said this is a resolution approving the issuance of one or more series of tax-exempt and taxable revenue notes to finance a portion of the costs for the acquisition of land and the construction and equipping of a197-unit multifamily housing facility located at 16820 SE Wax Road & 28020 Covington Way, Covington, WA 98042, to be owned by Station by Vintage, LP, a Washington limited partnership. Proceeds of the notes may also be used to pay a portion of the costs of issuing the notes. The total estimated note amount is not expected to exceed $50,000,000. The public hearing was held April 23, 2020.

Mr. Larsen moved to approve the resolution. Ms. Lawrence seconded the motion. The resolution was unanimously approved.

Action Item: Resolution No. 20-63, Single Family Annual Resolution

Ms. DeBrock said this is a resolution authorizing the issuance and remarketing of Single Family Mortgage Revenue Bonds, Homeownership Program Bonds, and Single Family Special Program Bonds in one or more series, in a total amount not to exceed $250,000,000; reauthorizing the Home Advantage Program; and authorizing the Executive Director to use undeployed funds to provide liquidity for mortgage loan purchase, all to facilitate the financing of single-family housing. Mortgage loans will be originated by lending institutions under standard FHA, VA, USDA, Freddie Mac and Fannie Mae guidelines, and sold to a master servicer.

Mr. Tripp moved to approve the resolution. Ms. Topper seconded the motion. The resolution was unanimously approved.

Action Item: Reauthorization of Impact Capital Investment

Bob Cook, Senior Finance Director, stated that the Commission has maintained an investment in a predevelopment loan fund at Impact Capital and its predecessor organization since 1997. Part of the investment, $730,975.58, resulted from the refunding of certain early multifamily bonds involving projects using HUD’s McKinney Act FAF program. The savings resulting from the program was divided between HUD and the bond issuer. As the issuer, the Commission was required to use its share of the savings to “provide affordable housing for households with very low incomes.”

The agreement evidencing the investment has been renewed every five years since 2005. Additional Commission funds have been added to the initial investment over time so that the current invested amount is $5,250,000. The Commission is developing the new agreement to renew this investment.

Staff is proposing to include renewal language in the new agreement so that the Executive Director, with prior notice to the Commission, may negotiate and extend the agreement in the future. This would align this Program-Related Investment (PRI) with our usual practice of having the Commission make each PRI designation, but authorizing the Executive Director to enter into future renewal agreements .

Mr. Cook is asking the Commission to consider and act on a motion to authorize the Executive Director to negotiate and execute a renewal to the current Program-Related Investment with Impact Capital including the option for the Executive Director to renew the agreement with the prior notification of the Commission.

Ms. Lawrence moved to approve the request. Mr. Larsen seconded the motion. Mr. Robinson and Mr. Krueger abstained from the vote due to a conflict of interest serving on the Impact Capital Board. The motion passed with two abstentions.

Mr. Walker is also on the Impact Capital Board so the Deputy Director Paul Edwards will execute and negotiate the agreement on behalf of the Commission.

Action Item: Operating Budget for the fiscal year July 1, 2020 – June 30, 2021

Mr. Cook stated the proposed budget for the Washington State Housing Finance Commission upcoming fiscal year was presented at the May Planning Session. It outlined each program’s purpose, business objectives, and supplemental information to support the proposal.

Mr. Cook gave the Commissioners a revised draft of the Commission's proposed budget along with a summary for each program for the July 1, 2020– June 30, 2021 fiscal year. Budgeted revenues highlighted are as followed:

> In the Home Advantage program, staff have budgeted loan production at 7,526 loans, 12.9% below projected FY20 results. Servicing margins are budgeted to be tighter reflecting the growing portfolio of loans serviced by the Idaho Housing Finance Association where we receive less up front but are paid a portion of the servicing revenue over time. The program is budgeted to provide $16.2 million of the budgeted revenue for FYE 2021, net of the 25% allocated to the General Indenture's Commission Fund to support future programs.
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> In Multifamily Housing and Community Facilities Division (MHCF) staff are expecting 21 financings totaling $479.0 million. Estimated fees in MHCF are $8 million for FYE 2021.

Regarding proposed expenditures, as staff mentioned at the Planning Session, staff have increased expenses $55.7k for additional technology and office changes to assure physical distancing in the COVID-19 era. Also, the Commission has updated salaries to actual for two MHCF vacancies recently filled and adjusted a Finance Division staff who has returned to full time after an extended leave. The total impact of this changes is a net increase of $8,254.

In the Capital Budget, staff added $28k to improve video conference capabilities, another COVID-19 response, and reduced by $25k the planned MHCF on-line application system.

After these updates, expenses (excluding pass through grants) for FY21, are budgeted at 3% higher than the FY20 budget but 19.8% ($2,682,424) greater than FY20 projected expenses. This is due primarily to three expense categories: Salaries and Related Expense, representing 63.5% of the total increase, is due to one vacancy in Asset Management and Compliance expected to be filled in FY21 and FY20 vacancy savings on 3 ½ positions in MHCF caused by staff retirements and other turnover. In addition, there is a legislature approved 3% salary increase effective July1, which was cancelled due to Covid-19 for some staff but not reflected in the budget.

Software Maintenance and Support for FY21 adds $175,000 for a temporary project manager to identify key role and actions required for the Commission to efficiently manage our increasingly complex software projects and represents 10.2% of the increase.

Contract Services related to inspection fees represents 10% of the increase and results from the delay of unit inspections from FY 20 to FY 21 due to COVID-19. The deferred inspections and those due in FY21 will be completed as soon as practicable.

Budgeted net revenue for FY21 of $20 million is down 16% from the FY20 projected (based on 4/30/20 results), but up 6% from FY20 budget.

Mr. Larsen moved to approve the 2020-2021 budget. Mr. Tripp seconded the motion. The annual budget was approved.

Action Item: Transfer of Reserves to Program-Related Investments (PRI)

Mr. Cook explained that the Commission has usually transferred excess earnings in the general operating fund as of June 30 each year to the Program-Related Investments (PRI).

Mr. Cook requested the Commissioners consider and act on a request to transfer reserves in excess of $30 million in the General Operating Fund before the effect of deferred pension and OPEB liabilities as of June 30, 2020 to the Program-Related Investments (PRI). This will restore the net reserves shown on the financial statements to at least $20 million.

Mr. Rumpf moved to approve the transfer of excess revenue into the Program-Related Investments. Ms. Lawrence seconded the motion. The request was unanimously approved.

Executive Director's Report

Mr. Walker stated that HUD awarded the Commission $311,638 in additional housing counseling funds to further support our network of housing counselors as a supplement to HUD's 2019 Comprehensive Housing Counseling Grant Program.

The Homeownership Division transformed its in-person trainings to virtual trainings in May and offered four trainings to lender, realtor, and nonprofit partners. So far in June, Homeownership has completed five more trainings.

In May, for Home Advantage, Homeownership had over $233 million in reservations assisting 750 families. For House Key Opportunity, it had over $7 million in reservations assisting 38 families, totaling $240 million and 788 families for the month. These numbers are in line with what is expected during buying season.

Dan Rothman joined the MHCF division as its newest senior bond/housing tax-credit analyst. Welcome Dan!

MHCF is finalizing the process for replacing its non-profit outreach and marketing position, having received 60 applications for this position. This position is critical to ensuring there is ongoing communication to banks and outreach to the state's non-profits regarding accessing our 501(c)3 financing for facilities and housing.

On June 17th, MHCF received 22 applications for bond cap, requesting approximately $750,000,000, of which $112,000,000 was for taxable or recycled cap. Staff have been diligently and efficiently reviewing the scoring and should be able to release a list by the end of the week after the July 4th holiday. MHFC hopes to have approximately $300-350,000,000 to allocate, which should result in approximately 10 projects being able to move forward to close by year-end. Most of the projects above the line are in Seattle and King County.

AMC (Asset Management and Compliance) staff have produced several online versions of their Compliance Training – these versions have been recorded and are on the website.

AMC also participated in the NCSHA Tax Credit conference, which was online this year. Ms. Pate participated in a session regarding compliance and COVID -19, and the entire staff participated in the HFA (Housing Finance Authority) compliance meet up. AMC continue to advocate, along with HFA peers, and NCSHA for the IRS to provide formal guidance around deadlines and tasks, particularly around inspection requirements.

H.R.2 Act, The Moving Forward Act, is a more than $1.5 trillion plan to rebuild American infrastructure—not only roads, bridges, and transit systems, but also schools, housing, broadband access, and so much more.

Housing Washington (HW) will be virtual this year. The Commission has signed a new contract to host HW in Tacoma in 2021.

Governor Inslee made the decision to veto the previously passed legislation for state employees to get a 3% cost of living increases July 1, 2020. The Commission does not plan to furlough any staff.

Staff are working on plans for returning to the office.

During the last month Steve has participated in several meetings that include AHAB, NCSHA ED call, Impact Capital Board meeting and the TSA Board meeting.

Informational Report on Department of Commerce Activities

Ms. Klontz from the Department of Commerce ("Commerce") gave a report as follows:

Housing Finance Unit

Funding Rounds

Funds are available from the 2020 supplemental budget, the remaining amounts from the 2019-21 capital budget, and the federal appropriations for 2020.

- **Affordability Preservation NOFA (Notice of Funding Availability) announced June 1:** $10 million for projects that are at risk of losing affordability due to the expiration of use restrictions. This funding is eligible for housing financed by the United States Department of Agriculture or other rental housing that is not in the Housing Trust Fund portfolio. Applications are on a first-come, first-served basis starting July 1. Questions and waiver requests were due by June 17. Once funds are exhausted, the NOFA will close.
- **Modular Housing NOFA announced June 4:** $10 million is available for new modular construction projects for homeless individuals and households. Ultra-High Energy Efficiency and private match funds can be requested along with this funding. Applications are due by Sept. 2. Questions and any waivers being requested must be submitted before July 31, 2020.
- **Cottage Communities Round scheduled to open June 30:** $5 million is available for organizations developing Community Housing and Cottage Communities for homeless individuals and households. Funds will be awarded in the form of grants. Applications will be due on Sept. 29, with awards being announced in Dec. 2020.
- **2020 Traditional HTF Round (formerly known as "Stage 2") scheduled to open June 30:** approx. $83 million is available. Ultra-High Energy Efficiency and private match funds can also be requested with this funding. Applications will be due on Sept. 29, with awards being announced in Dec. 2020.

Rural Incentivization Update

The proposed temporary policy changes developed in consultation with the rural PAT Subcommittee were presented to PAT members at the June 3 meeting. For the 2020 Traditional HTF Funding Round, award caps will be raised for rural projects to $5 million for rental and $1.5 million for homeownership. Some scoring criteria, such as cost per unit and leverage, will be suspended for rural projects also. Commerce staff sent a survey to stakeholders to collect information on the technical assistance needs of these communities.

Housing Assistance Unit

Commerce is working on the details of a potential new temporary rent assistance program for July through November.

Growth Management

Housing Action Plans

Growth Management Services will release guidance on how to develop housing action plans (HAPs) the week of June 22. A Municipal Research Service Center webinar is planned for July 8, 2020, 1:30 – 3:00 http://mrsc.org/Home/Training/Upcoming-Webinars/How-to-Develop-A-Housing-Action-Plan.aspx

The guidance provides procedural and substantive information to local governments to help them develop housing action plans to increase the quantity, diversity, and affordability of housing. Housing action plans must be completed by June 2021. So far, grantees have developed housing needs assessments and reviewed their policies. The hard work of reviewing and selecting strategies starts now that communities are starting to open up, and planners are exploring new methods of public engagement, especially focusing on on-line formats. GMS is working to connect the 40 HAP grantees to share resources.

Bond Cap Allocation Program

- The Bond Cap Allocation Program is in the process of finishing the writing of the 2020 Bond Cap Biennial Report and anticipate having that published in late July or early August.
- The re-allocation of the 2020 Student Loan volume cap initial set-aside has been made for $38.98 million.
- Demand for allocations of volume cap does not seem to be falling; in fact, the program has had two new Exempt Facility applications for $62.1 million.

- The Commission's application from the beginning of the year is being updated (to reflect changes in money, timing, etc.). It is anticipated that the Commission will be eligible to receive all residual volume cap after the July 1 release date. This amount is currently estimated to be $375.79 million.

2020 CARES Act Funding

Community Development Block Grant Program (CDBG)

The federal Coronavirus Aid, Relief, and Economic Security Act (CARES Act) allocated supplemental CDBG coronavirus funds (CDBG-CV) through the US Department of Housing and Urban Development (HUD) to the state CDBG program at Commerce. The CDBG-CV funding will be provided to Commerce in up to three separate funding rounds:

- The first $7.7 million CDBG-CV allocation was granted to CDBG non-entitlement city and county governments (cities with less than 50,000 population and not part of a CDBG entitlement urban county CDBG program; and counties with less than 200,000 in population excluding entitlement cities). See the list of recipients here: http://www.commerce.wa.gov/wp-content/uploads/2016/06/CDBG-2014-List-of-Local-Governments.pdf
- The second $23 million CDBG-CV allocation is granted for eligible, CDBG entitlement and non-entitlement city and county government, and state activities based on COVID-19 factors prioritized by HUD, state and local governments. Additional details will be added as further guidance is provided by HUD.
- A third CARES Act allocation is anticipated to be distributed by HUD to states and units of local government on a rolling basis, at the discretion of the HUD Secretary, with formula factors to be defined by HUD. It is uncertain whether the state of Washington will receive a portion of this allocation.

Learn more about the CARES Act CDBG-CV funds:
https://www.commerce.wa.gov/serving-communities/community-development-block-grants/cares-act-community-development-block-grant/

Low-Income Home Energy Assistance Program (LIHEAP) Washington state LIHEAP received $16 million in funding through the CARES Act.

- $318,917 spent on rental assistance
- 365 households served
- $873 is the average payment

Community Services Block Grant (CSBG)

CSBG received nearly $12 million in additional funding for distribution to local community action agencies.

Emergency Solutions Grant

Commerce intends to release $46 million in shelter funds provided by the CARES Act, available by formula to cities and counties. The shelter funds include a funding bonus for cities and counties that apply jointly.

Commissioners' Reports

Mr. Robinson wanted to thank the Commission's Communication Department (Margret Graham and Vanessa Thomas) for the wonderful job on the WSHFC Annual Report and Impact Report.

Consent Agenda

The consent agenda was approved as mailed.

Adjournment

The meeting was adjourned at 3:18 p.m.

Signature ________________________________